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through leadership,
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March 9, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AMENDMENT NO. 5 TO AGREEMENT NO. H-212411 WITH EXM INC.
FOR SIGMA SOFTWARE MAINTENANCE SERVICES**
(2nd and 5th Districts) (3 Votes)

CIO RECOMMENDATION: ☒ I APPROVE ☐ APPROVE WITH
MODIFICATION ☐ DISAPPROVE

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Acting Director of Health Services, or his designee, to sign Amendment No. 5 to Agreement No. H-212411 with EXM Inc., substantially similar to Exhibit I, to extend the Agreement term by twelve months, effective April 1, 2006 through March 31, 2007, for the continued provision of SIGMA software maintenance services at Harbor-UCLA and Olive View-UCLA Medical Centers, to increase the pool dollars, to set a fixed monthly rate for the monthly SIGMA software maintenance fees, and to increase the maximum obligation by \$1,231,947 for a revised total County maximum obligation of \$6,441,436.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving the recommended action, the Board is authorizing the Acting Director of Health Services to sign Amendment No. 5 with EXM Inc. for a twelve-month extension, effective April 1, 2006 through March 31, 2007, for the continued provision of SIGMA software maintenance services at Harbor-UCLA (Harbor) and Olive View (Olive View) Medical Centers, to increase the pool dollars, to set a fixed monthly rate for the monthly SIGMA software maintenance fees, and to increase the County maximum obligation. During the twelve-month extension, the Department will migrate off all of the SIGMA software modules.

The Agreement with EXM Inc. expires on March 31, 2006. EXM Inc. has been the sole provider of SIGMA software maintenance services since 1999.

FISCAL IMPACT/FINANCING:

This Amendment increases the Agreement's maximum obligation by \$1,231,947 for a revised total County maximum obligation of \$6,441,436. Of this amount, \$557,280 is for monthly SIGMA software maintenance fees, of which \$309,600 is for Harbor and \$247,680 is for OVMC. The SIGMA software maintenance fees will be paid on a fixed monthly rate of \$46,440 for both facilities. The balance of \$674,667 is for an increase to the pool dollars which are discretionary funds for County-requested optional services. Of the \$674,667 in pool dollars, \$359,865 is for Harbor and \$314,802 is for Olive View.

Funding is included in the Fiscal Year 2005-06 Final Budget and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On August 23, 1989, the Purchasing Agent approved County Agreement No. A51549 with the Compucare Company (Compucare) for the acquisition and maintenance of the turnkey Healthcare Information Systems (HIS) for Harbor and Olive View, including, but not limited to, clinical software modules and hardware.

On June 29, 1999, the Board approved a successor Agreement No. 72190 with Compucare and the QuadraMed Corporation (QMDC) for the turnkey HIS at Harbor, Olive View, and LAC+USC Medical Centers. EXM Inc. was a subcontractor under this Agreement providing SIGMA software maintenance services.

On June 19, 2001, the Board: (1) approved a sole source agreement with EXM Inc. for SIGMA software maintenance services at Harbor and Olive View effective July 1, 2001 through June 30, 2005; (2) requested that the Department of Health Services (DHS or Department) review its decision to use the Operating Room Scheduling and Office System (ORSOS) as the standard surgery scheduling software; and (3) required that Olive View replace their SIGMA surgery scheduling software within the term of the Agreement. After a review of ORSOS, DHS selected ORSOS as its primary surgery scheduling system and purchased the upgraded version. The original Agreement included for each facility: (1) a monthly SIGMA software maintenance fee; and (2) "pool" dollars which have been used to purchase County-requested optional additional services, such as software modifications, software interfaces, and migration assistance, that are provided at Contractor's fixed hourly rates.

Subsequent amendments added Health Insurance Portability and Accountability Act provisions and allowed for the use of pool dollars to pay for the monthly SIGMA software maintenance fees.

Most recently on December 6, 2005, the Board approved Amendment No. 4 with EXM Inc. effective December 28, 2005 through March 31, 2006. The Amendment increased the Contractor's fixed hourly rates for County-requested optional additional services, increased the

pool dollars, and continued to allow for the use of pool dollars to pay for the monthly SIGMA software maintenance fees.

Amendment No. 5 will allow EXM Inc. to provide uninterrupted SIGMA software maintenance services, effective April 1, 2006 through March 31, 2007. The Amendment includes a fixed monthly SIGMA software maintenance fee of \$46,440 for both facilities (which is the current amount of the monthly SIGMA software maintenance fees for both facilities) for a fixed total amount of \$557,280 for such fees during the extended term. Up until now, as each SIGMA software module was discontinued, and the replacement solution implemented by DHS, the monthly SIGMA software maintenance fees decreased by specified percentages. The County is obligated to pay Contractor the fixed total amount of \$557,280 for the monthly SIGMA software maintenance fees even if the County terminates the Agreement for convenience prior to March 31, 2007. The fixed monthly rate of \$46,440 and the fixed total amount of \$557,280 for the monthly SIGMA software maintenance fees are the result of contract negotiations between the County and the Contractor. The Amendment will also include an increase to the pool dollars of \$674,667, the total for the extended term, of which \$359,865 is for Harbor and \$314,802 is for Olive View. The increases are included in the revised total County maximum obligation of \$6,441,436.

During this extension, the Department intends to migrate off of the SIGMA Order Control, Laboratory, Blood Gas, and Pharmacy modules for Harbor and SIGMA Surgery Scheduling and Pharmacy modules for Olive View.

County Counsel has approved Amendment No. 5 (Exhibit I) as to form. Sidley Austin LLP (outside counsel) has also reviewed the attached Amendment (Exhibit I) and recommends Board approval.

The Chief Information Officer concurs with the Department's recommendation.

Attachment A provides additional information.

CONTRACTING PROCESS:

On June 19, 2001, the Board approved a sole source agreement with EXM Inc. There is no other known source of support for the SIGMA software. In addition, the services provided under this Amendment are extraordinary, professional, and technical in nature. County employees cannot perform these services adequately.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

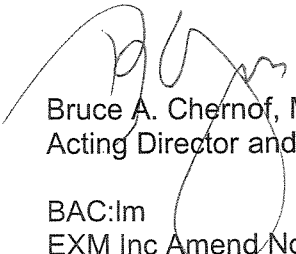
The Board's approval of the recommended action will ensure continuous, uninterrupted SIGMA software maintenance services at Harbor and Olive View until the facilities migrate off all of the SIGMA software modules.

The Honorable Board of Supervisors
March 9, 2006
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When approved, this Department requires three signed copies of the Board's action.

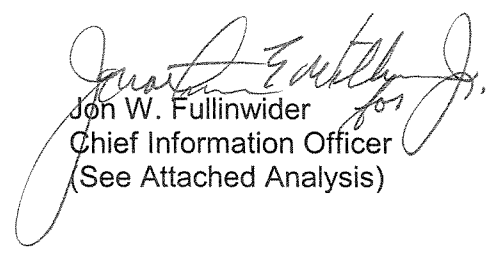
Respectfully submitted,

Reviewed by:



Bruce A. Chernof, M.D.
Acting Director and Chief Medical Officer

BAC:lm
EXM Inc Amend No. 5



Jon W. Fullinwider
Chief Information Officer
(See Attached Analysis)

Attachments (3)

c: Chief Administrative Officer
Chief Information Office
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AMENDMENT

1. TYPE OF SERVICE:

SIGMA software maintenance services at Harbor-UCLA and Olive View-UCLA Medical Centers.

2. AGENCY ADDRESS AND CONTACT PERSON:

EXM Inc.
8577 Brier Drive
Los Angeles, CA 90046
Attn: John Chisholm, President
Telephone: (949) 929-2129

3. TERM:

The term of Amendment No. 5 to Agreement No. H-212411 is April 1, 2006 through March 31, 2007.

4. FINANCIAL INFORMATION:

This Amendment increases the Agreement's maximum obligation by \$1,231,947 for a revised total County maximum obligation of \$6,441,436. Of this amount, \$557,280 is for monthly SIGMA software maintenance fees, of which \$309,600 is for Harbor and \$247,680 is for OVMC. The SIGMA software maintenance fees will be paid on a fixed monthly rate of \$46,440 for both facilities. The balance of \$674,667 is for an increase to the pool dollars which are discretionary funds for County-requested optional services. Of the \$674,667 in pool dollars, \$359,865 is for Harbor and \$314,802 is for Olive View.

Funding is included in the Fiscal Year 2005-06 Final Budget and will be requested in future fiscal years.

5. DESIGNATED ACCOUNTABLE FOR PROGRAM EVALUATION:

Mary Morgan, Chief Information Officer
Harbor-UCLA Medical Center and County's Project Director

Melvin Brewster, Chief Information Officer
Olive View-UCLA Medical Center and County's Project Director

6. APPROVALS:

Harbor-UCLA Medical Center:	Mary Morgan
Olive View-UCLA Medical Center:	Melvin Brewster
Office of Contract Administration:	Fred Leaf
Contracts and Grants Division:	Cara O'Neill, Chief
County Counsel:	James Kashian, Principal Deputy
County's Chief Information Officer:	Jon W. Fullinwider, Director

CIO ANALYSIS

Department of Health Services Amendment No.5 to
Agreement No. H-212411 with EXM Inc., for SIGMA Software Services

CIO RECOMMENDATION: ☒ APPROVE ☐ APPROVE WITH MODIFICATION
☐ DISAPPROVE

Contract Type:

☐ New Contract ☒ Contract Amendment ☐ Contract Extension
☐ Sole Source Contract

New/Revised Contract Term: Base Term Yrs: 12 months # of Option Yrs N/A

Contract Components:

☐ Software ☐ Hardware ☐ Telecommunications
☒ Professional Services

Project Executive Sponsor: Kathy Shibata, Enterprise Project Director

Budget Information :

Y-T-D Contract Amount	\$ 5,209,489
Requested Contract Amount	\$ 1,231,947
Aggregate Contract Amount	\$ 6,441,436

Project Background:

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?

Strategic Alignment:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

Project/Contract Description:

The Department of Health Services (DHS) is requesting the Board to delegate authority to the Director of Health Services, or his designee, to sign Amendment No. 5 to Agreement H-212411 with EXM Inc. (EXM), for SIGMA software maintenance and services at Harbor-UCLA Medical Center (Harbor) and Olive View-UCLA Medical Center (Olive View). Amendment No. 5 extends the term of the Agreement from April 1, 2006 through March 31, 2007 and increases the County's maximum obligation under the agreement by \$1,231,947 to a total obligation of \$6,441,436. This Amendment provides EXM a guaranteed software maintenance payment of \$557,280 for both facilities, regardless of their period of performance, and an optional pool for professional services of \$674,667 to address modifications to the system to meet regulatory changes at the respective facilities.

Background:

CompuCare, now QuadraMed Corporation (QMDC), discontinued the SIGMA software line more than 10 years ago. Harbor operates SIGMA Order Control, Laboratory, Blood Gas, and Pharmacy modules. Olive View has Pharmacy and Surgery Scheduling from the SIGMA line. Support for these modules is currently provided under a sole source Agreement with EXM that was originally approved by your Board on June 19, 2001. The Agreement has subsequently been amended and the contract term is scheduled to end on March 31, 2006.

If approved by your Board, this Amendment No. 5 will provide a 12 month extension, which will provide DHS time to migrate off all SIGMA modules, which are running on obsolete hardware and are no longer vendor supported. All of the SIGMA laboratory, pharmacy, and surgery scheduling modules in use at DHS are currently being replaced or planned for replacement.

DHS is dependant on EXM as the only contractor that can provide maintenance on the Sigma Applications which were developed with a software called MEESE which is no longer actively used in the industry.

Project Justification/Benefits:

Amendment No. 5 will ensure uninterrupted maintenance services for SIGMA modules at Harbor and Olive View. It also provides DHS additional time to implement replacement systems at both facilities. The laboratory, pharmacy and operating room scheduling applications are critical to the patient care activities at the respective medical centers.

Project Metrics:

EXM has provided and will continue successful maintenance of SIGMA applications at Harbor and Olive View under terms of the existing Service Level Agreements at both facilities.

Impact If Proposal Is Not Approved:

The SIGMA Laboratory, Pharmacy and Operating Room Scheduling applications are critical to the patient care activities at the respective medical centers. This agreement is the only means by which DHS can keep the applications operating and in conformance with changing regulatory requirements.

Alternatives Considered:

No other alternatives were considered because there is no other known source of support for the SIGMA software.

Project Risks:

There are no identified risks to the Department and County in undertaking this project. The Contractor has performed effectively under this agreement since June 2001.

Risk Mitigation Measures:

None

Financial Analysis:

EXM is guaranteed \$557,280 for software maintenance under this amendment, regardless of their period of performance.

CIO Concerns:

None

CIO Recommendations:

The CIO recommends approval of this Amendment.

CIO APPROVAL

Date Received: 03-10-2006

Prepared by: Greg Melendez

Date: 03-10-2006

Approved: 

Date: 03/10/2006

AMENDMENT NUMBER FIVE TO
AGREEMENT FOR SIGMA SOFTWARE MAINTENANCE SERVICES
[COUNTY AGREEMENT NUMBER H-212411]

THIS AMENDMENT Number Five is made and entered into this _____ day of _____, 2006, by and between COUNTY OF LOS ANGELES (hereafter "County"), and EXM INC. (hereafter "Contractor"), and amends that certain County Agreement Number H-212411, dated July 1, 2001, captioned "Agreement By and Between the County of Los Angeles and EXM Inc. for SIGMA Software Maintenance Services for Harbor-UCLA Medical Center and Olive View-UCLA Medical Center", including Amendment Number One, Amendment Number Two, Amendment Number Three, and Amendment Number Four (hereafter collectively "Agreement").

WHEREAS, it is the intent of the parties to amend Agreement as set forth herein.

NOW, THEREFORE, Contractor and County hereby agree to amend Agreement as follows:

1. The term of the Agreement shall be extended for twelve (12) months, from April 1, 2006 through March 31, 2007.

2. Subparagraph 7.1 (General) of Paragraph 7 (Contract Sum) of the body of the Agreement is amended by changing the amount of the Contract Sum from "Five Million, Two Hundred Nine Thousand, Four Hundred Eighty-Nine Dollars (\$5,209,489)" to "Six Million, Four Hundred Forty-One Thousand, Four Hundred Thirty-Six Dollars (\$6,441,436)".

3. In Exhibit B (Schedule of Payments), the Introduction on Page B-1 is amended to read:

"The Contract Sum of Six Million, Four Hundred Forty-One Thousand, Four Hundred Thirty-Six Dollars (\$6,441,436) set forth in Subparagraph 7.1 (General) of the body of this Agreement is allocated among the COUNTY Facilities as follows:

Maximum Contract Amount for HUMC:	-	\$3,298,991
Maximum Contract Amount for OVUMC:	-	\$3,142,445
Maximum Contract Amount (Contract Sum):	-	\$6,441,436"

4. In Exhibit B (Schedule of Payments), the second paragraph of Subparagraph A of Paragraph III (Pool Dollars) is amended to read:

"Pool Dollars as of the Effective Date:

HUMC --	(\$1,906,991)
OVUMC --	(\$1,827,845)"

5. During such extended term, the amount of the Monthly SIGMA Software Maintenance Fees shall be at a fixed monthly rate of \$46,440 covering both HUMC and OVUMC. Notwithstanding any other provision of this Agreement, during such extended term, there shall be no deduction from such fixed monthly rate of \$46,440 for any County discontinuance of use of any Existing SIGMA Software Application Modules.

6. During such extended term, available Pool Dollars, as set forth in Exhibit B (Schedule of Payments), may be used to pay for Monthly SIGMA Software Maintenance Fees.

7. Notwithstanding any other provision of the Agreement, during such extended term, Contractor: (1) is permitted to provide SIGMA Software Maintenance for SIGMA Software via remote access twenty-four (24) hours per Day seven (7) Days per week; (2) is not required to provide on-site maintenance two (2) Days per week per County Facility; and (3) is required, for each County Facility, to meet on site or via conference call with County Facility staff twice per month and upon request of County's Project Manager in order to discuss various issues.

8. During such extended term, the Fixed Hourly Rates for Contractor's job levels for Pool Work, as set forth in Subparagraph H of Paragraph III (Pool Dollars) of Exhibit B (Schedule of Payments), shall be increased as follows:

1. Senior Developer (Fixed Hourly Rate: \$198.00)
2. Senior Consultant (Fixed Hourly Rate: \$132.00)
3. Senior Application Analyst (Fixed Hourly Rate: \$90.00).

9. Notwithstanding any other provision of the Agreement, in the event that this Agreement is terminated by County pursuant to Paragraph 31 (Termination for Convenience) (i.e., upon no less than thirty (30) days written notice by County to Contractor) with a County-specified termination date which is prior to March 31, 2007, then County shall be obligated to pay Contractor twelve (12) months of the Monthly SIGMA Software Maintenance Fees at the fixed monthly rate of \$46,440 per month covering both HUMC and OVUMC

(i.e., \$557,280) less a credit to County of the total amount of the Monthly SIGMA Software Maintenance Fees previously paid by County to Contractor prior to such termination date during such extended term.

10. This Amendment shall be effective upon its approval by County's Board of Supervisors.

11. Except for the changes set forth in this Amendment, the Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services and Contractor has caused this
Amendment to be subscribed on its behalf by its duly authorized
officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

CONTRACTOR
EXM Inc.

By _____
Bruce A. Chernof, M.D.
Acting Director and Chief
Medical Officer

By _____
Name: John Chisholm
Title: President

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By _____
James Kashian
Principal Deputy

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Chief, Contracts and Grants
Division

EXMAmendNumberFive #14
LM:03/03/06